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6102.0 - Labour Statistics: Concepts, Sources and Methods, 2001

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PURPOSE

1.1 This publication provides a comprehensive account of the concepts and definitions underpinning Australian labour statistics, and the data sources and methods used in the collection and compilation of these statistics. Although the publication covers the broad range of Australian labour statistics, the focus is on the collections conducted by the Australian Bureau of Statistics (ABS). It is designed to assist users in their understanding of Australian labour statistics and thereby allow better analyses and interpretations of the resulting data.

WHAT ARE LABOUR STATISTICS?

1.2 Labour statistics measure aspects of the labour market, and are important economic and social indicators. Labour statistics provide insight into the economy and the effects of labour market policy settings, through measures of labour market demand (employment, job vacancies, labour costs) and labour market supply (unemployment, labour force participation). Labour statistics are also very much about people - their participation in the labour force, their success in finding employment, their earnings and other benefits, their type of work, and their working hours. Education and training statistics could also be included as a part of labour market statistics. Education and training is an aspect of people's preparation for the labour market, and their maintenance of skills once in the labour market. However, the wide variety of issues in this field usually causes it to be treated as a separate area of statistics; accordingly, education and training statistics have been excluded from this publication.

USES AND USERS OF LABOUR STATISTICS

1.3 Labour statistics are used by a broad audience and serve a number of purposes. Users of labour statistics include: governments and their agencies and advisers, economists, financial

analysts, journalists, business people, trade unions, employer associations, students, teachers, industrial tribunals, academic researchers and lobby groups.

1.4 Labour statistics are used extensively in both economic and social analyses. They are used in the analysis, evaluation, and monitoring of: the economy; the labour market; a wide range of government policies (relating in particular to employment, income support, industrial relations); and population groups of particular concern (women, younger persons, older persons, Indigenous people, etc).

AUSTRALIAN LABOUR STATISTICS

1.5 Australian labour statistics comprise a large number of measures relating to the Australian labour market. Diagram 1.1 illustrates the range of ABS labour statistics, their sources, and broadly how they relate to the labour market.

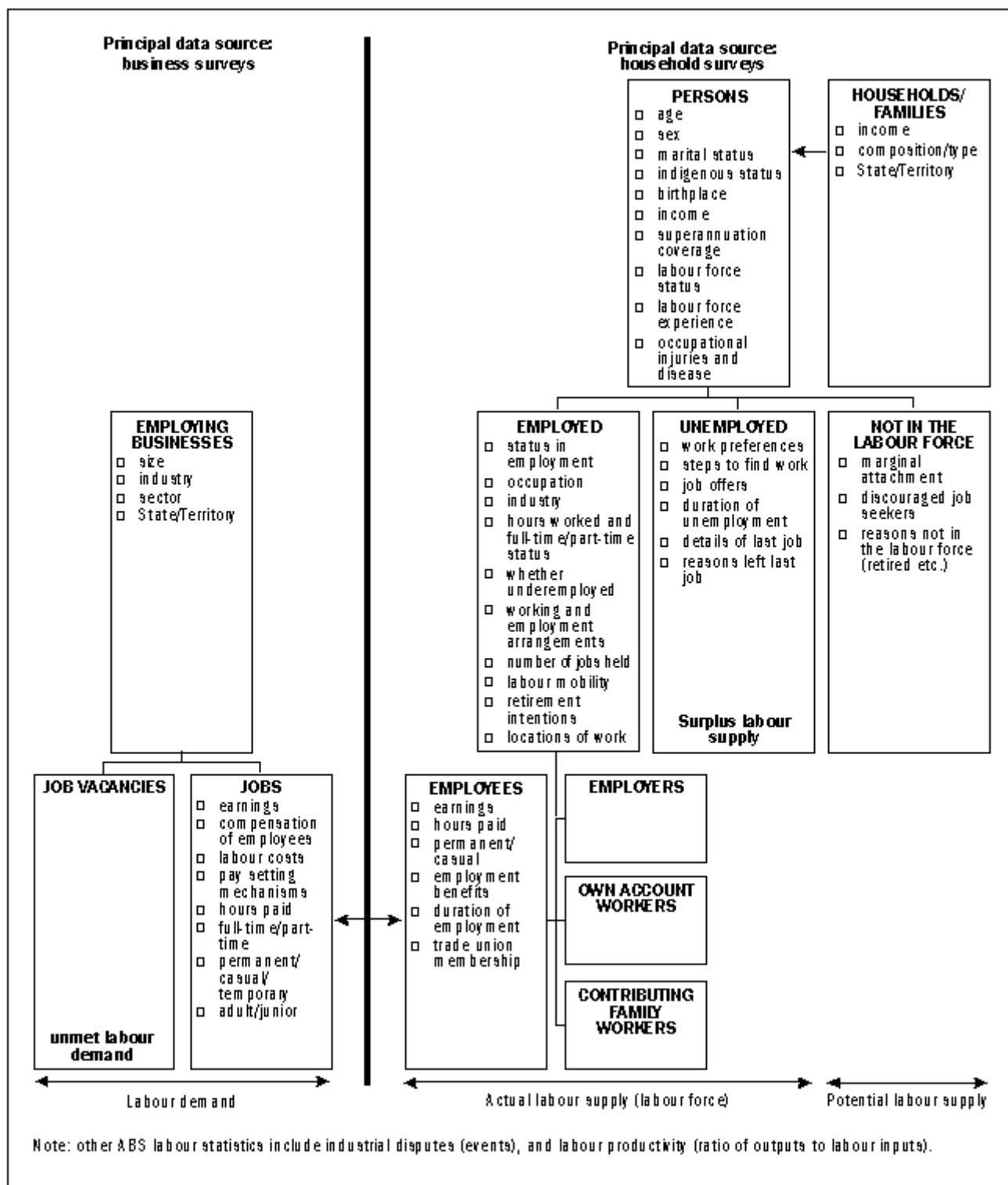
1.6 Population censuses and household surveys constitute the primary sources for labour statistics about people. In addition to information about current and previous labour force participation, information collected also includes demographic data, such as age, sex, family status and country of birth. Labour statistics collected about people provide insight into the supply of labour to the Australian labour market.

1.7 Business surveys are the primary source of data on labour costs, earnings, jobs and job vacancies, all of which provide insight into the demand for labour in the Australian labour market. Other sources of labour statistics include administrative data sets, which are the primary sources for information on occupational injury.

1.8 Australian labour statistics have a number of other features. The main ones are described below:

- Labour statistics incorporate a range of statistical or counting units, including households and families, persons, jobs, businesses, and events (such as incidence of industrial disputes and occupational injuries).
- Labour statistics contain information about a wide range of subjects - the economically active population, including statistics of employment, unemployment and underemployment; average earnings and hours of work; wage structures and distributions; labour costs; occupational injuries and disease; industrial disputes; and labour productivity.
- Labour statistics incorporate different types of estimates, such as: estimates of levels at points in time (e.g. number of unemployed in a given month); estimates of net changes in levels between points in time (e.g. month-to-month movements in unemployment); and estimates of gross changes at an individual level (e.g. flows among categories of labour force status). A number of estimates are also produced on an original, seasonally adjusted and/or trend basis.
- Australian labour statistics adhere wherever possible to international conventions, recommendations and guidelines developed and maintained by the International Labour Organisation (ILO) and the United Nations Statistical Office.
- Labour statistics are compiled and disseminated principally by the ABS, but also by other public sector agencies and some private sector organisations.

1.1 TYPES AND SOURCES OF ABS LABOUR STATISTICS



DEVELOPMENT OF LABOUR STATISTICS

DEVELOPMENT OF INTERNATIONAL STANDARDS

1.9 The ILO was founded in 1919, at the time of the Peace Conference that followed the end of the First World War. The ILO Constitution was written by the Labour Commission, which was set up by the Peace Conference. The Commission was composed of representatives from nine countries, and was chaired by the head of the American Federation of Labour. It resulted in a tripartite organisation, bringing together representatives of governments, employers and workers in its executive bodies. The ILO is unique among world organisations in that employers' and workers' representatives have equal voice with those of governments in shaping its policies and programs. The ILO Constitution became Part XIII of the Treaty of Versailles.

1.10 The International Labour Conference meets annually. It provides an international forum for the discussion of world labour and social issues, and sets minimum international labour standards and broad policies of the ILO. Each member country has the right to send four delegates to the Conference: two from the government and one each representing workers and employers, each of whom may speak and vote independently.

1.11 The most important instruments for the work of the ILO are the International Labour Conventions and Recommendations. These are adopted by the International Labour Conference and set international labour standards. Through ratification by member States, Conventions create binding obligations to implement their provisions. Recommendations provide guidance on policy, legislation and practice. In the field of labour statistics, the Labour Statistics Convention (No. 160) was adopted by the International Labour Conference in 1985, replacing an earlier and more restricted convention regarding wages and hours of work (No. 63, 1938).

1.12 The 1985 Convention lays down principles, obligations and recommendations for the collection and publication of labour and related statistics in the fields of employment, unemployment, earnings, hours of work, wage structure and distribution, labour costs, consumer prices, household income and expenditure, occupational injuries and disease and industrial disputes. Australia ratified the 1985 Convention in 1987. Australia had not been able to ratify the earlier convention of 1938 due to its then underdeveloped statistical system.

1.13 Detailed technical guidelines on labour statistics are expressed in the form of Resolutions formally adopted by one of the ILO technical committees - the International Conference of Labour Statisticians (ICLS). The first ICLS was convened in 1923, while the latest, the sixteenth, was in 1998. ICLS Resolutions cover such matters as concepts, definitions, methodologies for measurement and data collection, classification, analysis and dissemination.

1.14 ICLS Resolutions are currently in force for: collective agreements (1926); social security statistics (1957); hours of work (1962); labour costs (1966); underemployment and underutilisation of manpower (1966); household income and expenditure (1973); an integrated system of wages statistics (1973); occupational injuries (1982); economically active population, employment, unemployment and underemployment (1982); consumer price indices (1987); the International Standard Classification of Occupations (1987); strikes and lockouts, classification of status in employment, and employment in the informal sector (1993); and employment-related income, occupational injuries, and underemployment and inadequate employment situations (1998). The ICLS Resolutions can be found on the ILO website at the following address: <http://www.ilo.org/public/english/bureau/stat/res/index.htm>.

1.15 Prior to the 1960s, Australia's ability to conform with the international standards was limited by the level of resources and the nature of the methodologies available to official statisticians. The introduction of direct surveys of households and employers in the 1960s provided the Commonwealth Statistician with direct control over the type and range of data collected. Over the subsequent decades Australia has made a valuable contribution to the development and revision of international standards in the course of expanding its own labour statistics system in accordance with those standards. Australia currently meets the 1985 Convention almost in its entirety.

DEVELOPMENT OF AUSTRALIAN LABOUR STATISTICS

1.16 Some statistics relating to wage levels, hours of work, labour organisations and unemployment were available in the separate self-governing colonies of Australia in the nineteenth century, when separate statistical bureaux were set up in the various States. However, it was only after Federation in 1901, the subsequent enactment of the Census and

Statistics Act in 1905, and the establishment of the Commonwealth Bureau of Census and Statistics in 1906¹, that the ground was prepared for the compilation of uniform labour statistics for the whole country. In the first national census of 1911, information was collected on occupation, wage rates, unemployment and duration of unemployment. In the same year a Labour and Industrial Branch was set up within the Commonwealth Bureau of Census and Statistics with the responsibility for publishing a report 'Trade Unionism, Unemployment, Wages, Prices and the Cost of Housing 1891-1912'.

1. In 1974 the Commonwealth Bureau of Census and Statistics was abolished and replaced by the Australian Bureau of Statistics.

1.17 Responsibility shortly thereafter extended into the fields of industrial disputes, trade unions and industrial accidents. This established the pattern of labour statistics that was to be followed more or less unchanged until the early 1960s. The principal sources of information available during this era were:

- population censuses - undertaken in 1911, 1921, 1933, 1947 and 1954;
- trade unions - details of wage rates, numbers of unemployed union members and industrial disputes; and
- administrative sources - details of awards, determinations, industrial agreements and industrial accidents provided in State and Federal statutory reports were all used in the production of labour statistics.

1.18 The first regular statistical measure of 'employment' in Australia dates from the introduction of Payroll Tax in 1941. This provided an administrative source of information suitable for deriving civilian employment by industry for each State and Australia, and average weekly earnings for employed wage and salary earners.

1.19 The Commonwealth Employment Service was established in 1947 to assist people seeking employment to obtain jobs best suited to their qualifications, skills, training and experience, and to assist employers seeking additional labour to obtain that best suited to their needs. As a by-product, the Commonwealth Employment Service produced measures of unemployed persons awaiting placement, as well as measures of vacancies notified by employers. The unemployment measure of the Commonwealth Employment Service remained the official measure of unemployment in Australia until the 1970s. Since one of the principal requirements for qualifying for unemployment benefits was registration with the Commonwealth Employment Service, a high degree of coverage resulted.

1.20 The integration of the separate State Statistics Bureaux with the Commonwealth Bureau in the late 1950s (though the Tasmanian integration agreement had been reached in 1924) allowed the resultant statistical organisation to place more emphasis on direct collections (more in line with international practices) and less emphasis on administrative by-product data.

1.21 The Commonwealth Bureau of Census and Statistics introduced household surveys in 1960 primarily to provide more detailed and comprehensive measures of the labour force than could be provided from administrative data sources (such as the Commonwealth Employment Service series). Initially the program of household surveys comprised only the Labour Force Survey, which was conducted in capital cities and on a quarterly basis. In 1964 the Labour Force Survey was extended to the whole of Australia, and then in 1978 it was expanded to a monthly frequency, when the Commonwealth Government decreed that it would provide the official measures for employment and unemployment. A supplementary topic was included with the Labour Force Survey for the first time in November 1961, and this concept has been gradually extended so that now the majority of months in each year include supplementary questions on

one or more topics. In 1994 the Labour Force Survey also became the vehicle for a continuous survey of income and housing costs.

1.22 In the 1980s the program of household surveys was further expanded to include a program of Special Social Surveys. These surveys collect in-depth information about a population group or subject area of interest, as well as a range of labour force data for the population in scope. In recent years two Special Social Surveys have focussed on labour topics - the longitudinal Survey of Employment and Unemployment Patterns (1994-1997), and the Survey of Employment Arrangements and Superannuation (2000). In 1993 the quarterly Population Survey Monitor was introduced. This survey vehicle was designed to collect small amounts of data about simple topics at a reasonable cost, and to output results in a timely manner. It was discontinued in 2000.

1.23 In addition to household surveys, the Commonwealth Bureau of Census and Statistics also introduced labour employer surveys in the 1960s. The program of employer surveys initially comprised an annual survey of employing businesses which was designed to supplement data being derived from payroll tax records to produce a quarterly average weekly earnings series. Conducted each October, the survey collected detailed dissections of earnings and hours paid for, for various categories of jobs (adult and junior, full-time and part-time, managerial and non-managerial) for both males and females. The quarterly series of average weekly earnings provided limited information about the composition of earnings, and no information on occupational earnings or the distribution of earnings. To supplement the quarterly series, a more extensive survey producing this information was introduced in 1974. Currently conducted biennially, this survey is known as the Survey of Employee Earnings and Hours. A survey of job vacancies was also launched in 1974.

1.24 By 1981 it was recognised that the payroll tax series used to produce the average weekly earnings and civilian employees series had deteriorated significantly in terms of coverage due to increasing payroll tax exemptions. Both series were discontinued and replaced with new series based on two new quarterly surveys of employers - the Survey of Average Weekly Earnings (introduced in 1981 and subsequently modified in 1983), and the Survey of Employment and Earnings (introduced in 1983). The mid 1980s also saw the introduction of an irregular survey of labour costs in 1985-86, which in the early 1990s was supplemented by a series of surveys on training expenditure (1989, 1990, 1993, and 1996). In 1997 the quarterly Wage Cost Index was introduced.

THE CURRENT ABS LABOUR STATISTICS PROGRAM

1.25 The expansion of the labour statistics program over a large number of years has resulted in the ABS currently producing a wide range of labour statistics. Population censuses and household surveys constitute the primary sources of ABS labour statistics on persons and households. Business surveys are the primary sources of data on labour costs, earnings, employee jobs, job vacancies and industrial disputes. Administrative data are the primary source of data on occupational injury and disease. Other data, such as labour productivity data, are derived using a number of ABS sources.

1.26 There are a number of ABS collections that produce labour statistics but which do not fall within the ABS labour statistics program, as their primary purpose is not to produce labour market data. These collections nevertheless represent important sources of labour statistics and include various household, industry, and activity specific collections.

Household surveys

1.27 Household surveys falling within the labour statistics program include:

- the monthly Labour Force Survey and its labour related supplementary topics:
 - Career Experience;
 - Employee Earnings, Benefits and Trade Union Membership;
 - Forms of Employment;
 - Job Search Experience of Unemployed Persons;
 - Labour Force Experience;
 - Labour Force Status and Other Characteristics of Migrants;
 - Labour Mobility;
 - Locations of Work;
 - Multiple Job Holders;
 - Persons Not In the Labour Force;
 - Retirement and Retirement Intentions;
 - Retrenchment and Redundancy;
 - Successful and Unsuccessful Job Search Experience;
 - Underemployed Workers;
 - Work Related Injuries; and
 - Working Arrangements.
- ad hoc Special Social Surveys collecting information on aspects of the labour market, including the Survey of Employment Arrangements and Superannuation, and the Survey of Employment and Unemployment Patterns.

1.28 From 2001 the ABS household surveys program is being expanded to include a General Social Survey, an Indigenous Social Survey, and a Multi-purpose Household Survey. While the additional components do not fall specifically within the labour statistics program, they will yield a variety of labour statistics about the Australian population.

1.29 The General Social Survey will be conducted every three years and will collect broad information across all areas of social concern including data on the labour force characteristics of the population. Every six years this survey will be accompanied by the Indigenous Social Survey. The Multi-purpose Household Survey is a new, flexible multi-topic survey vehicle able to collect data and produce statistical output in a timely fashion. To be conducted two years in three in those years when the General Social Survey is not in the field, it will also collect data on a broad range of topics including a minimum set of data on labour force characteristics.

Business surveys

1.30 Business surveys falling within the labour statistics program collect information from employing businesses on a range of topics. The program includes:

- Survey of Employment and Earnings;
- Average Weekly Earnings Survey;
- Employee Earnings and Hours Survey;
- Survey of Job Vacancies;
- Labour Costs Survey;
- Industrial Disputes Collection; and
- Wage Cost Index.

Dissemination of ABS labour statistics

1.31 The release practices for ABS labour statistics fall within the general release practices for all ABS data. Section 12(1) of the Census and Statistics Act 1905 requires the Statistician to compile and analyse information collected under the Act and to publish and disseminate the results of any compilations and analyses, or abstracts of those results. Chapter 16 contains further detail on: ABS objectives and practices (e.g. confidentiality provisions) in the dissemination of statistics; and media used in the release of ABS statistics. The Appendix contains further detail on ICLS guidelines and ABS practice on the dissemination of labour statistics.

STRUCTURE OF THE PUBLICATION

1.32 The remaining chapters in this publication are organised into two parts. The first part (concepts and sources) explains the concepts that underlie labour statistics, outlines the major classifications used in labour statistics, and overviews the sources for a number of key labour statistics. The second part (methods) focuses on the various labour statistics surveys, describing the data collected in each, methodologies used, and changes to collections over time.

1.33 The concepts and sources part of the publication (chapters 2 to 15) is organised into the following broad topics: the currently economically active population (Chapter 2); employment (Chapter 3); employment measures and classifications (Chapter 4); underemployment (Chapter 5); unemployment (Chapter 6); not in the labour force (Chapter 7); usually economically active population (Chapter 8); other measures of the economically active population (Chapter 9); job vacancies (Chapter 10); earnings, employee compensation, labour costs and related statistics (Chapter 11); industrial relations (Chapter 12); labour productivity (Chapter 13); occupational injuries and diseases (Chapter 14); and other classifications used in labour statistics (Chapter 15). Each chapter explains in detail: the concepts underlying the statistical measures discussed including international recommendations and guidelines where they apply; the definitions used in Australian measures and how they compare with the international recommendations and guidelines; and any differences across the various data sources.

1.34 The methods part of the publication (chapters 16 to 31) describes the output and methodology of key ABS labour statistics surveys. Chapter 16 provides a brief overview of key aspects of ABS survey methodology, and explains concepts and terms used in subsequent chapters. The remaining chapters are organised into two sections:

- ABS household surveys, including the Census of Population and Housing, the Labour Force Survey and its labour-related supplementary topics, and a number of Special Social Surveys, presented in chapters 17 to 22;

- labour-related ABS business surveys, presented in chapters 23 to 31.

Each section begins with a chapter outlining aspects of survey methodology which are common to the type of survey being discussed (i.e. household or business survey).

1.35 An Appendix supplements the information presented in the main part of this publication, by contrasting ICLS guidelines on the dissemination of labour statistics, with ABS practice and policy for the dissemination of labour statistics.

PREVIOUS AND RELATED PUBLICATIONS

1.36 This is the first comprehensive and detailed publication produced by the ABS on concepts, sources and methods in the field of labour statistics. As indicated above, a considerably less detailed publication examining concepts and sources of labour statistics was released by the ABS in 1986 under the title **A Guide to Labour Statistics** (Cat. no. 6102.0).

1.37 Summary information on the collection methodology, survey definitions and conceptual frameworks are contained in the explanatory notes of every ABS statistical publication.

1.38 The ABS also periodically releases information papers, occasional papers etc. on various labour statistics and their associated sources, concepts, definitions and collection methodologies.

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